

## UTAH OIL AND GAS CONSERVATION COMMISSION

REMARKS: WELL LOG \_\_\_\_\_ ELECTRIC LOGS \_\_\_\_\_ FILE X WATER SANDS \_\_\_\_\_ LOCATION INSPECTED \_\_\_\_\_ SUB. REPORT/abd. \_\_\_\_\_

980513 LA'D EFF 4.20.98.

DATE FILED JUNE 12, 1996

LAND: FEE &amp; PATENTED

STATE LEASE NO.

PUBLIC LEASE NO. U-02458

INDIAN

DRILLING APPROVED: JULY 25, 1996

SPUDDED IN:

COMPLETED: 4.20.98 LA'D

LIGHT TO PRODUCING:

INITIAL PRODUCTION:

GRAVITY A.P.I.

GOR:

PRODUCING ZONES:

TOTAL DEPTH:

WELL ELEVATION:

DATE ABANDONED: APRIL 20, 1998 LA'D

FIELD: CASTLE PEAK

UNIT:

COUNTY: DUCHESNE

WELL NO. ASHLEY FEDERAL 9-23

API NO. 43-013-31672

LOCATION 1980 FSL FT. FROM (N) (S) LINE, 660 FEL

FT. FROM (E) (W) LINE. NE SE

1/4 - 1/4 SEC. 23

TWP.

RGE.

SEC.

OPERATOR

TWP.

RGE.

SEC.

OPERATOR

9S

15E

23

INLAND PRODUCTION

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK

DRILL ☒

DEEPEN ☐

PLUG BACK ☐

b. TYPE OF WELL

OIL  
WELL ☒

GAS  
WELL ☐

OTHER

SINGLE  
ZONE ☐

MULTIPLE  
ZONE ☐

2. NAME OF OPERATOR

Inland Production Company

3. ADDRESS OF OPERATOR

P.O. Box 1446 Roosevelt UT 84066

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)

At surface NE/SE

660' FEL & 1980' FSL

At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\*

14 miles southwest of Myton, Utah

15. DISTANCE FROM PROPOSED\*

LOCATION TO NEAREST  
PROPERTY OR LEASE LINE, FT.  
(Also to nearest drlg. unit line, if any)

6384'

18. DISTANCE FROM PROPOSED LOCATION\*  
TO NEAREST WELL, DRILLING, COMPLETED,  
OR APPLIED FOR, ON THIS LEASE, FT.

1104'

19. PROPOSED DEPTH

6500'

17. NO. OF ACRES ASSIGNED  
TO THIS WELL

40

20. ROTARY OR CABLE TOOLS

Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

6318'

22. APPROX. DATE WORK WILL START\*

4th quarter 1996

23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4	8 5/8	24#	300'	120 sx Class G+2% CaCl+2% Gel
7 7/8	5 1/2	15.5#	TD	400 sx Hilift followed by
				330 sx Class G w/ 10% CaCl

The actual cement volumes will be calculated off of the open hole logs,  
plus 15% excess.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED Brad Mechem

TITLE Operations Manager

DATE 6/3/96

(This space for Federal or State office use)

PERMIT NO. 43-013-31672

APPROVAL DATE

APPROVED BY J. B. Matthews  
CONDITIONS OF APPROVAL, IF ANY:

TITLE Petroleum Engineer

DATE 7/25/96

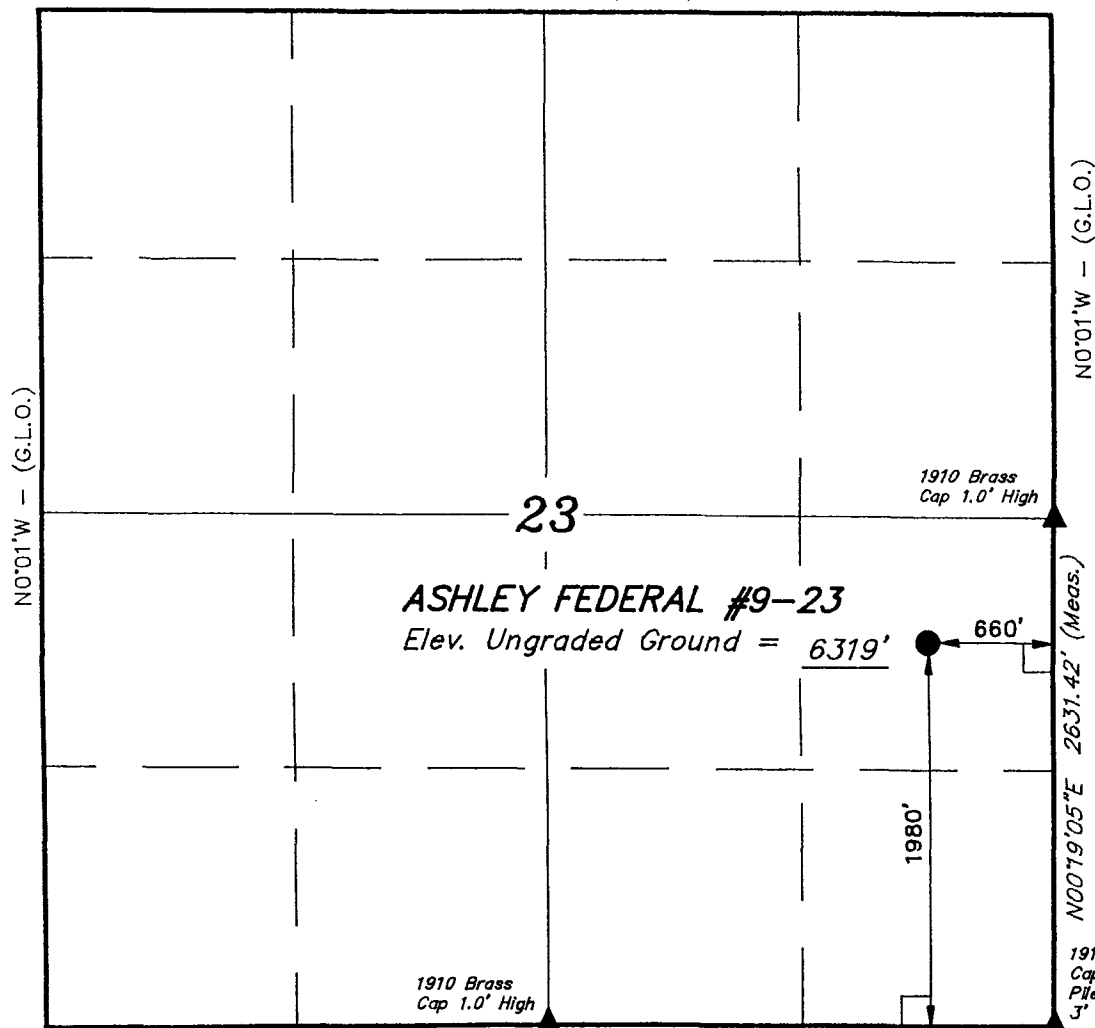
\*See Instructions On Reverse Side

**T9S, R15E, S.L.B.&M.**

**INLAND PRODUCTION CO.**

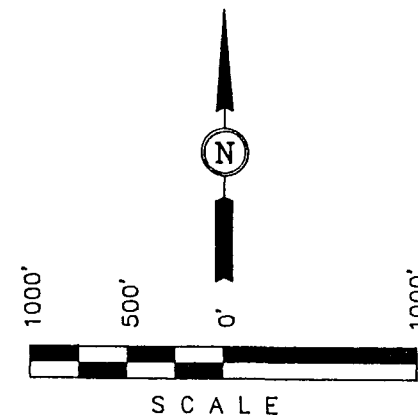
Well location, ASHLEY FEDERAL #9-23, located as shown in the NE 1/4 SE 1/4 of Section 23, T9S, R15E, S.L.B.&M. Duchesne County, Utah.

S89°59'W - 80.14 (G.L.O.)



**BASIS OF ELEVATION**

BENCH MARK M77 (1934) LOCATED IN THE NW 1/4 OF SECTION 25, T9S, R15E, S.L.B.&M. TAKEN FROM THE MYTON SW QUADRANGLE, UTAH, DUCHESNE COUNTY, 7.5 MINUTE QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 6153 FEET.



**CERTIFICATE**

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

*Robert L. Hay*  
REGISTERED LAND SURVEYOR  
REGISTRATION NO. 161319  
STATE OF UTAH

S89°57'W - 40.03 (G.L.O.)

N89°57'W - G.L.O. (Basis of Bearings)  
2633.22' (Measured)

**LEGEND:**

- └─┘ = 90° SYMBOL
- = PROPOSED WELL HEAD.
- ▲ = SECTION CORNERS LOCATED.

**UINTAH ENGINEERING & LAND SURVEYING**  
85 SOUTH 200 EAST - VERNAL, UTAH 84078  
(801) 789-1017

SCALE 1" = 1000'	DATE SURVEYED: 3-1-96	DATE DRAWN: 3-5-96
PARTY L.D.T. M.R. D.COX	REFERENCES G.L.O. PLAT	
WEATHER COOL	FILE INLAND PRODUCTION CO	

**INLAND PRODUCTION COMPANY  
ASHLEY FEDERAL #9-23  
NE/SE SECTION 23, T9S, R15E  
DUCHESNE COUNTY, UTAH**

**TEN POINT WELL PROGRAM**

**1. GEOLOGIC SURFACE FORMATION:**

Uinta formation of Upper Eocene Age

**2. ESTIMATED TOPS OF IMPORTANT GEOLOGIC MARKERS:**

Uinta	0' - 3050'
Green River	3050'
Wasatch	6600'

**3. ESTIMATED DEPTHS OF ANTICIPATED WATER, OIL, GAS OR MINERALS:**

Green River Formation 3050'-6600' - oil

**4. PROPOSED CASING PROGRAM**

8 5/8" J-55 24# w/ ST&C collars; set at 300' KB  
5 1/2" K-55 15.5# w/ LT&C collars set @ TD

**5. MINIMUM SPECIFICATIONS FOR PRESSURE CONTROL:**

The operators minimum specifications for pressure control equipment are as follows:

A 8" Series 900 Annular Bag type BOP and a 8" Double Ram Hydraulic unit with a closing unit will be utilized. Function test of BOPS's will be checked daily.

(See Exhibit F)

**6. TYPE AND CHARACTERISTICS OF THE PROPOSED CIRCULATION MUDS:**

The well will be drilled with fresh water through the Uinta Formation. From the top of the Green River Formation @ 3050'  $\pm$ , to TD, a fresh water/polymer system will be utilized. If necessary to control formation fluids, the system will be weighted with the addition of bentonite gel, and if conditions warrant, barite. Clay inhibition will be achieved with additions or by adding DAP (Di-Ammonium Phosphate, commonly known as fertilizer). This fresh water system will contain Total Dissolved Solids (TDS) of less than 3000 PPM. Neither potassium chloride or chromates will be utilized in the fluid system. The anticipated mud weight is 8.4 ppg, and weighted as necessary for gas control.

7. **AUXILIARY SAFETY EQUIPMENT TO BE USED:**

Auxiliary safety equipment will be a Kelly Cock, bit float, and a TIW valve with drill pipe threads.

8. **TESTING, LOGGING AND CORING PROGRAMS:**

No drill stem testing has been scheduled for this well. It is anticipated at this time that the logging will consist of a Dual Induction Laterolog, Gamma Ray/Caliber from TD to base of surface casing @ 300'  $\pm$ , and a Compensated Neutron-Formation Density Log. Logs will run from TD to 3500'  $\pm$ . The cement bond log will be run from PBTD to cement top. An automated mud logging system will be utilized while drilling to monitor and record penetration rate, and relative gas concentration, in the fluid system.

9. **ANTICIPATED ABNORMAL PRESSURE OR TEMPERATURE:**

The anticipated bottom hole pressure is 2500 psi. It is not anticipated that abnormal temperatures will be encountered; nor that any other abnormal hazards such as H<sub>2</sub>S will be encountered in this area.

10. **ANTICIPATED STARTING DATE AND DURATION OF THE OPERATIONS:**

It is anticipated that the drilling operations will commence the fourth quarter 1996 and take approximately six days to drill.

**INLAND PRODUCTION COMPANY  
ASHLEY FEDERAL #9-23  
NE/SE SECTION 23, T9S, R15E  
DUCHESNE COUNTY, UTAH**

**THIRTEEN POINT WELL PROGRAM**

**1. EXISTING ROADS**

See attached Topographic Map "A"

To reach Inland Production Company well location site Ashley Federal #9-23 located in the NE 1/4 SE 1/4 Section 23, T9S, R15E, S.L.B. & M. Duchesne County, Utah:

Proceed westerly out of Myton, Utah along Highway 40 - 1.5 miles  $\pm$  to the junction of this highway and Utah State Highway 53; proceed southerly along Utah State Highway 53 - 9.7 miles to its junction with an existing dirt road to the southwest. Proceed southwesterly along this road 5.3 miles to its intersection with the proposed access road to be discussed in Item #2.

The highways mentioned in the foregoing paragraph are bituminous surfaced roads to the point where Highway 53 ends, thereafter the roads are constructed with existing materials and gravel. The highways are maintained by Utah State road crews. All other roads are maintained by County Crews.

The aforementioned dirt oilfield service roads and other roads in the vicinity are constructed out of existing native materials that are prevalent to the existing area they are located in and range from clays to a sandy-clay shale material.

The roads required for access during the drilling, completion and production phase will be maintained at the standards required by the BLM or other controlling agencies. This maintenance will consist of some minor grader work for smoothing road surfaces and for snow removal.

**2. PLANNED ACCESS ROAD**

See Topographic Map "B".

The planned access road leaves the existing location described in Item #1 in the SE 1/4 SW 1/4 Section 23, T9S, R15E, S.L.B., and proceeds in a northeasterly direction, approximately .5 miles to the proposed location site.

The planned access road will be upgraded with an 18' crown road (9' either side of the centerline) with drainage ditches along either side of the proposed road whether it is determined necessary in order to handle any run-off from normal meteorological conditions that are prevalent to this area. The maximum grade will be less than 8%.

There will no culverts required along this access road. There will no water turnouts constructed along this road.

There will no culverts required along this access road. There will no water turnouts constructed along this road.

There are no fences encountered along this proposed road. There will be no new gates or cattle guards required.

All construction material for this access road will be borrowed material accumulated during construction of the access road.

3. **LOCATION OF EXISTING WELLS**

There is one (1) producing and three (3) P&A Inland Production Co. wells, within a one (1) miles radius of this proposed location. (See exhibit "D").

4. **LOCATION OF EXISTING AND/OR PROPOSED FACILITIES**

There are no existing facilities that will be used by this well.

It is anticipated that this well will be a producing oil well.

Upon construction of a tank battery the well pad will be surrounded by a dike of sufficient capacity to contain at minimum the entire contents of the largest tank within the facility battery.

Tank batteries will be built to BLM specifications.

5. **LOCATION AND TYPE OF WATER SUPPLY**

Inland Production Company has purchased a 3" water connection with Johnson Water District to supply the Monument Butte, Travis, and Gilsonite oil fields. Johnson Water District has given permission to Inland Production Company to use water from this system, for the purpose of drilling and completing the Ashley Federal #9-23.

Existing water for this well will be trucked from Inland Production Company's water supply line located at the Gilsonite State #7-32 (SW/NE Sec. 32, T8S, R17E), or the Monument Butte Federal #5-35 (SW/NW Sec. 35, T8S, R16E), or the Travis Federal #15-28 SW/SE Sec. 28, T8S, R16E). See Exhibit "C".

There will be no water well drilled at this site.

6. **SOURCE OF CONSTRUCTION MATERIALS**

See Location Layout Sheet - Exhibit "E".

All construction material for this location shall be borrowed material accumulated during construction of the location site and access road.

A mineral material application is not required for this location.

7. METHODS FOR HANDLING WASTE DISPOSAL

See Location Layout Sheet - Exhibit "E".

A small reserve pit (80 X 30 X 6' deep, or less) will be constructed from native soil and clay materials. A water processing unit will be employed to continuously recycle the drilling fluid as it is used, returning the fluid component to the drilling rig's steel tanks. The reserve pit will primarily receive the processed drill cuttings (wet sand, shale & rock) removed from the well bore. Any drilling fluids which do accumulate in the pit as a result of shale-shaker carryover, cleaning of the sand trap, etc., will be promptly reclaimed by the water recycling unit and then returned to the steel rig tanks. All drilling fluids will be fresh water based containing DAP (Di-Ammonium Phosphate, commonly known as fertilizer), typically containing Total Dissolved Solids of less than 3000 PPM. No potassium chloride chromates, trash, debris, nor any other substance deemed hazardous will be placed in this pit. Therefore, it is proposed that no synthetic liner be utilized in the reserve pit.

All completion fluids, frac gels, etc., will be contained in steel tanks and hauled away to approved commercial disposal, as necessary.

A portable toilet will be provided for human waste.

Immediately upon first production, all produced water will be confined in storage tanks. Inland requests temporary approval to transfer the produced water to Inland's nearby waterflood, for reinjection into the waterflood reservoirs via existing approved injection wells. Within 90 days of first production, a water analysis will be submitted to the Authorized Officer, along with an application for approval of this, as a permanent disposal method.

A trash basket will be provided for garbage (trash) and hauled away to an approved disposal site at the completion of the drilling activities.

8. ANCILLARY FACILITIES

There are no ancillary facilities planned for at the present time and none foreseen in the near future.

9. WELL SITE LAYOUT

See attached Location Layout Sheet - Exhibit "E".

The reserve pit will be located on the west side between stakes 4 & 5.

No flare pit will be used at this location.

The stockpiled topsoil (first six (6) inches) will be stored on north corner, between stakes 5 & 7.

Access to the well pad will be from the southwest, between stakes 2 & 3.



**Fencing Requirements**

All pits will be fenced according to the following minimum standards:

- a) 39 inch net wire shall be used with at least one strand of barbed wire on top of the net.
- b) The net wire shall be no more than two (2) inches above the ground. The barbed wire shall be three (3) inches above the net wire. Total height of the fence shall be at least forty-two (42) inches.
- c) Corner posts shall be cemented and/or braced in such a manner to keep tight at all times.
- d) Standard steel, wood or pipe posts shall be used between the corner braces. Maximum distance between any two posts shall be no greater than sixteen (16) feet.
- e) All wire shall be stretched, by using a stretching device, before it is attached to the corner posts.

The reserve pit fencing will be on three (3) sides during drilling operations and on the fourth side when the rig moves off location. Pits will be fenced and maintained until cleanup.

**10. PLANS FOR RESTORATION OF SURFACE**

a) *Producing Location*

Immediately upon well completion, the location and surrounding area will be cleared of all unused tubing, equipment, debris, material, trash and junk not required for production.

The reserve pit and that portion of the location not needed for production facilities/operations will be re contoured to the approximated natural contours. The reserve pit will be reclaimed within one hundred twenty (120) days from the date of well completion. Before any dirt work takes place, the reserve pit must have all fluids and hydrocarbons removed.

When the drilling and completion phase ends, reclamation of unused disturbed areas on the well pad/access road no longer needed for operations, such as cut slopes, and fill areas will be accomplished by grading, leveling and seeding as recommended by the Authorized Officer. The seed mixture will be per B.L.M. and stated in the conditions of approval.

b) *Dry Hole Abandoned Location*

At such time as the well is plugged and abandoned, the operator shall submit a subsequent report of abandonment and the B.L.M. will attach the appropriate surface rehabilitation conditions of approval.

**11. SURFACE OWNERSHIP - Bureau Of Land Management**

12. OTHER ADDITIONAL INFORMATION

- a) Inland Production Company is responsible for informing all persons in the area who are associated with this project that they will be subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are uncovered during construction, Inland is to immediately stop work that might further disturb such materials, and contact the Authorized Officer.
- b) Inland Production will control noxious weeds along rights-of-way for roads, pipelines, well sites, or other applicable facilities. On B.L.M. administered land it is required that a Pesticide Use Proposal shall be submitted, and given approval, prior to the application of herbicides or other possible hazardous chemicals.
- c) Drilling rigs and/or equipment used during drilling operations on this well site will not be stacked or stored on Federal Lands after the conclusion of drilling operations or at any other time without B.L.M. authorization. However, if B.L.M. authorization is obtained, it is only a temporary measure to allow time to make arrangements for permanent storage on commercial facilities.

There are no dwellings or facilities in the general area. There are no visible archaeological, historical or cultural sites within any reasonable proximity of the proposed location site. The Archaeological Cultural Resource Survey is attached.

*Additional Surface Stipulations*

All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws and regulations. Onshore Oil and Gas Orders, the approved plan of operations, and any applicable Notice to Lessees. Inland Production is fully responsible for the actions of its subcontractors. A copy of these conditions will be furnished to the field representative to ensure compliance.

*Hazardous Material Declaration*

Inland Production Company guarantees that during the drilling and completion of the Ashley Federal #9-23, we will not use, produce, store, transport or dispose 10,000# annually of any of the hazardous chemicals contained in the Environmental Protection Agency's consolidated list of chemicals subject to reporting under Title III Superfund Amendments and Reauthorization Act (SARA) of 1986. Inland also guarantees that during the drilling and completion of the Ashley Federal #9-23, we will use, produce, store, transport or dispose less than the threshold planning quantity (T.P.Q.) of any extremely hazardous substances as defined in 40 CFR 355.

A complete copy of the approved APD, if applicable, shall be on location during the construction of the location and drilling activities.

Inland Production Company or a contractor employed by Inland Production shall contact the B.L.M. office at (801) 789-1362, 48 hours prior to construction activities.

The B.L.M. office shall be notified upon site completion prior to moving on the drilling rig.

13. LESSEE'S OR OPERATORS REPRESENTATIVE AND CERTIFICATION

Representative

Name: Brad Mecham  
Address: P.O. Box 1446 Roosevelt, Utah 84066  
Telephone: (801) 722-5103

Certification

Please be advised that INLAND PRODUCTION COMPANY is considered to be the operator of Well #9-23 NE/SE Section 23, Township 9S, Range 15E: Lease #U-02458, Duchesne County, Utah: and is responsible under the terms and conditions of the lease for the operations conducted upon the leased lands. Bond coverage is provided by Hartford Accident #4488944.

I hereby certify that I, or persons under my direct supervision have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are true and correct to the best of my knowledge; and that the work associated with the operations proposed here will be performed by Inland Production Company and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

6-10-76


Date

Brad Mecham

Brad Mecham  
Operations Manager



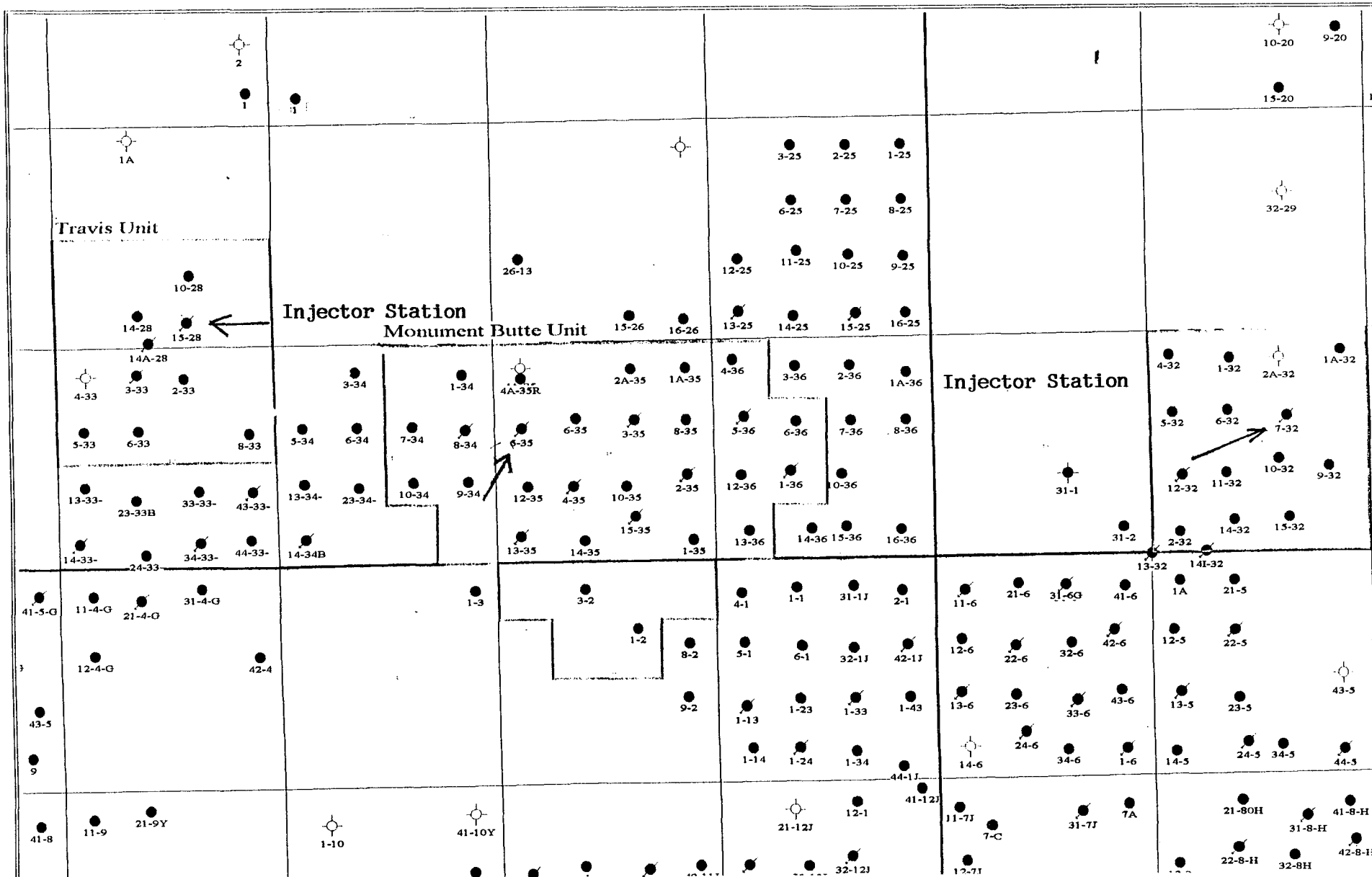
DATE: 3-6-96  
Drawn by: D.COX



**ASHLEY FEDERAL #9-23**  
**SECTION 23, T9S, R15E, S.L.B.&M.**  
**1980' FSL 660' FEL**



EXHIBIT "C"



475 17<sup>th</sup> Street Suite 1500  
Denver, Colorado 80202  
Phone: (303)-292-0900

## Regional Area

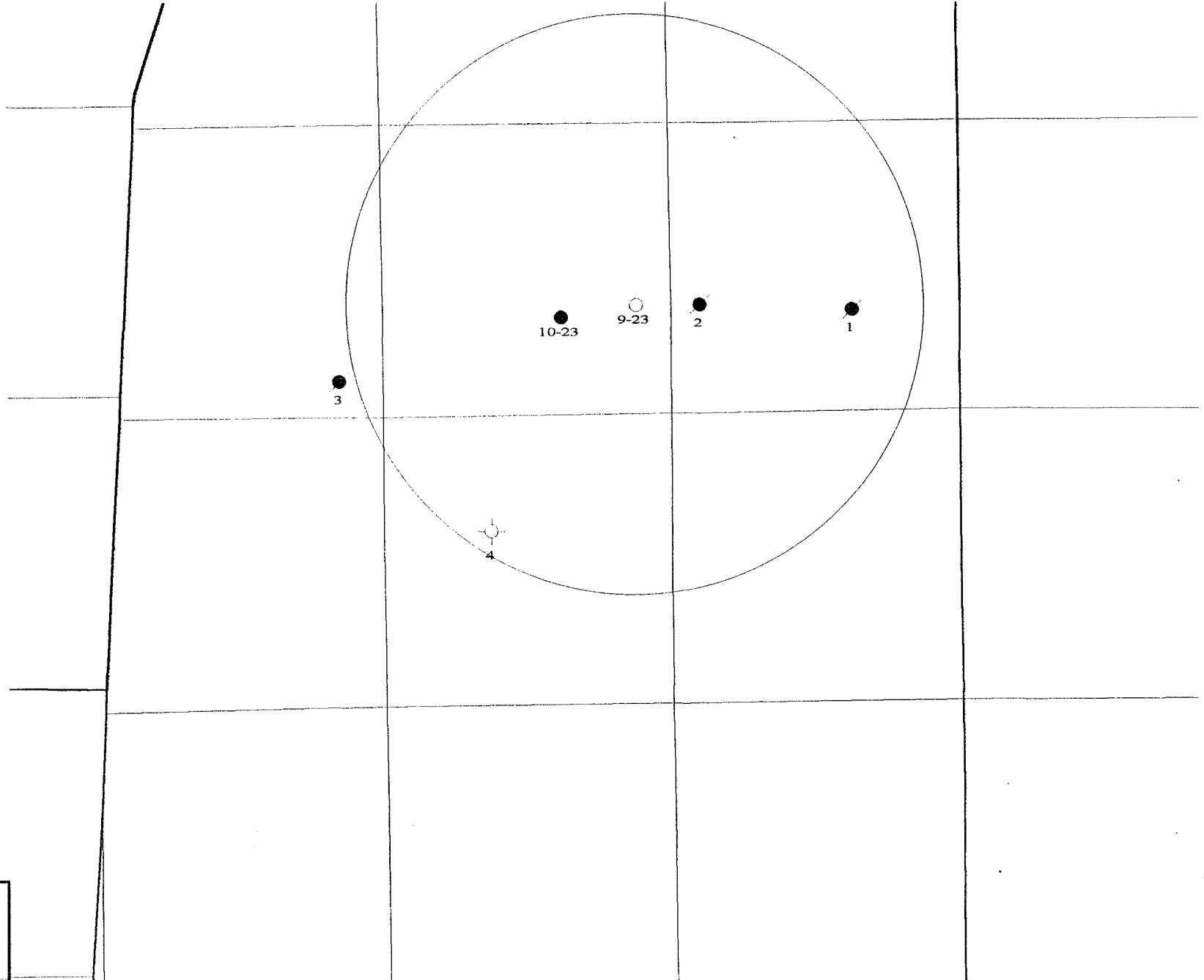
Duchesne Counties, Utah

Date: 5/7/96

J.A.



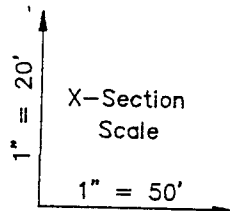
# EXHIBIT "D"



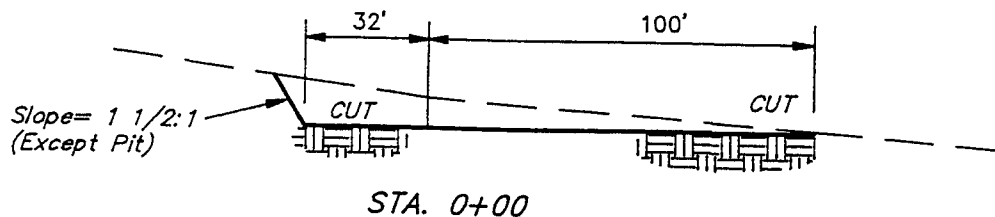
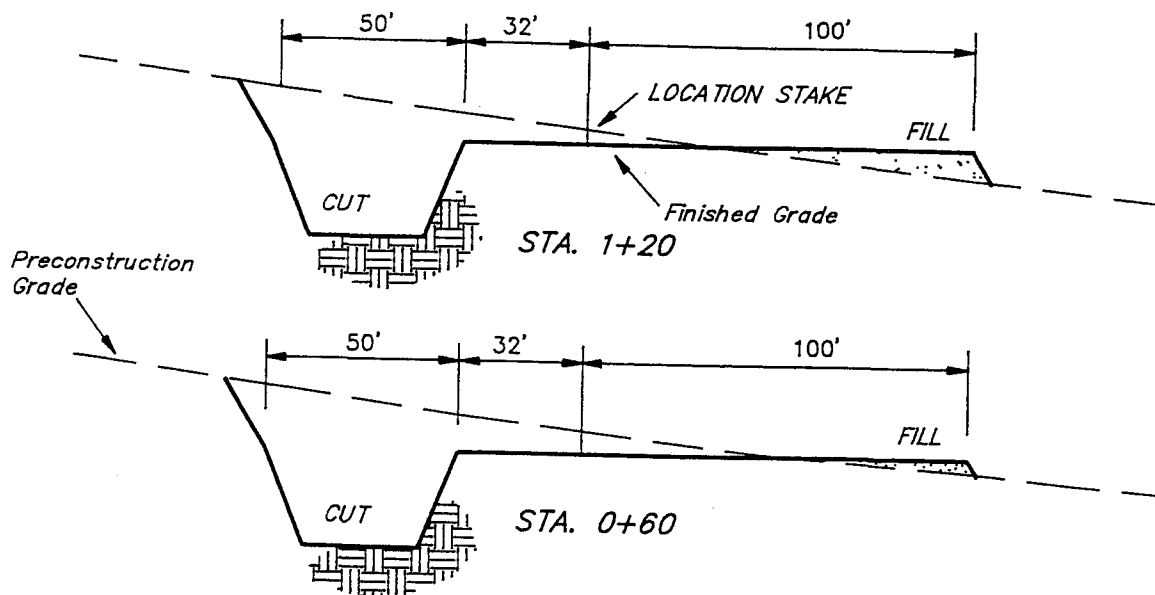
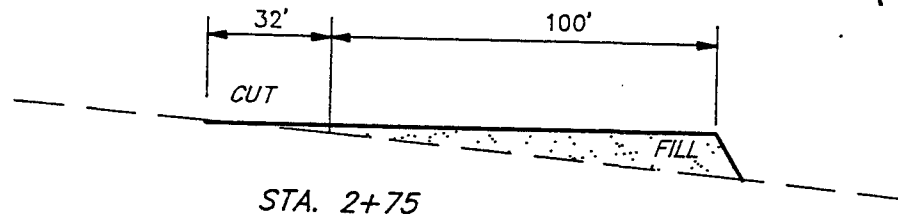
## INLAND PRODUCTION CO.

## TYPICAL CROSS SECTIONS FOR

ASHLEY FEDERAL #9-23  
SECTION 23, T9S, R15E, S.L.B.&M.  
1980' FSL 660' FEL



DATE: 3-6-96  
Drawn By: C.B.T.



## NOTE:

Topsoil should not be  
Stripped Below Finished  
Grade on Substructure Area.

## APPROXIMATE YARDAGES

## CUT

(6") Topsoil Stripping = 750 Cu. Yds.  
Remaining Location = 2,400 Cu. Yds.

TOTAL CUT = 3,150 CU.YDS.

FILL = 1,840 CU.YDS.

EXCESS MATERIAL AFTER  
5% COMPACTION

= 1,210 Cu. Yds.

Topsoil & Pit Backfill  
(1/2 Pit Vol.)

= 1,210 Cu. Yds.

EXCESS MATERIAL After  
Reserve Pit is Backfilled &  
Topsoil is Re-distributed

= 0 Cu. Yds.

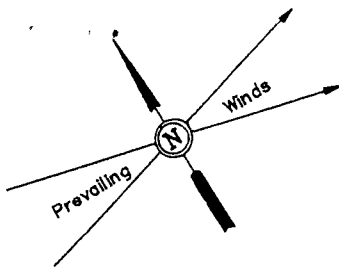
UINTAH ENGINEERING & LAND SURVEYING  
85 So. 200 East • Vernal, Utah 84078 • (801) 789-1017



INLAND PRODUCTION CO.

LOCATION LAYOUT FOR

ASHLEY FEDERAL #9-23  
SECTION 23, T9S, R15E, S.L.B.&M.  
1980' FSL 660' FEL

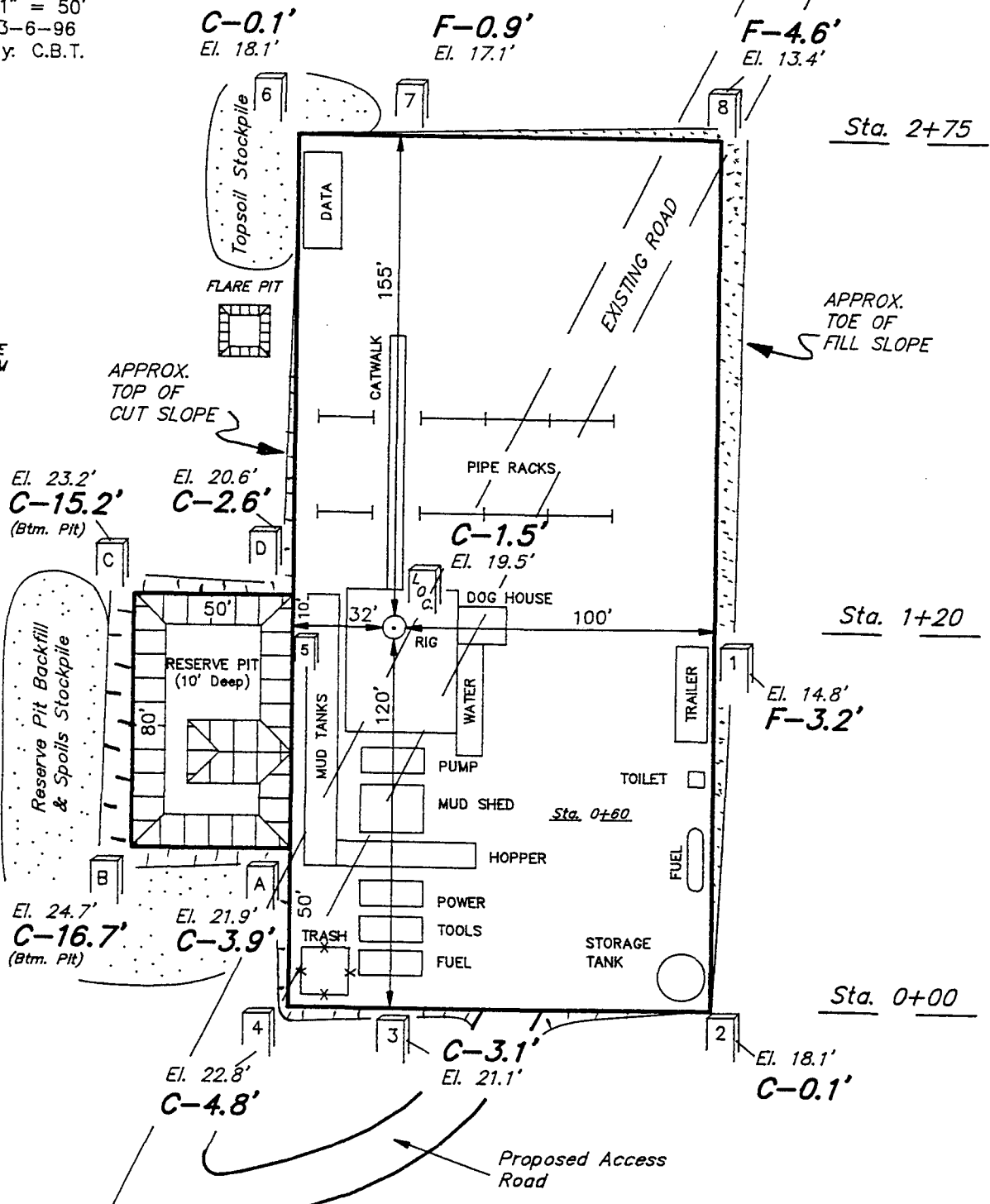


SCALE: 1" = 50'  
DATE: 3-6-96  
Drawn By: C.B.T.

**NOTE:**

FLARE PIT IS TO BE  
LOCATED A MINIMUM  
OF 125' FROM THE  
WELL HEAD.

NOTE:  
PIT CAPACITY  
WITH 2' OF  
FREEBOARD  
= 3,090 Bbls.



Elev. Ungraded Ground at Location Stake = **6319.5'**  
Elev. Graded Ground at Location Stake = **6318.0'**

UINTAH ENGINEERING & LAND SURVEYING  
85 So. 200 East \* Vernal, Utah 84078 \* (801) 789-1017

RAM TYPE B.O.P.

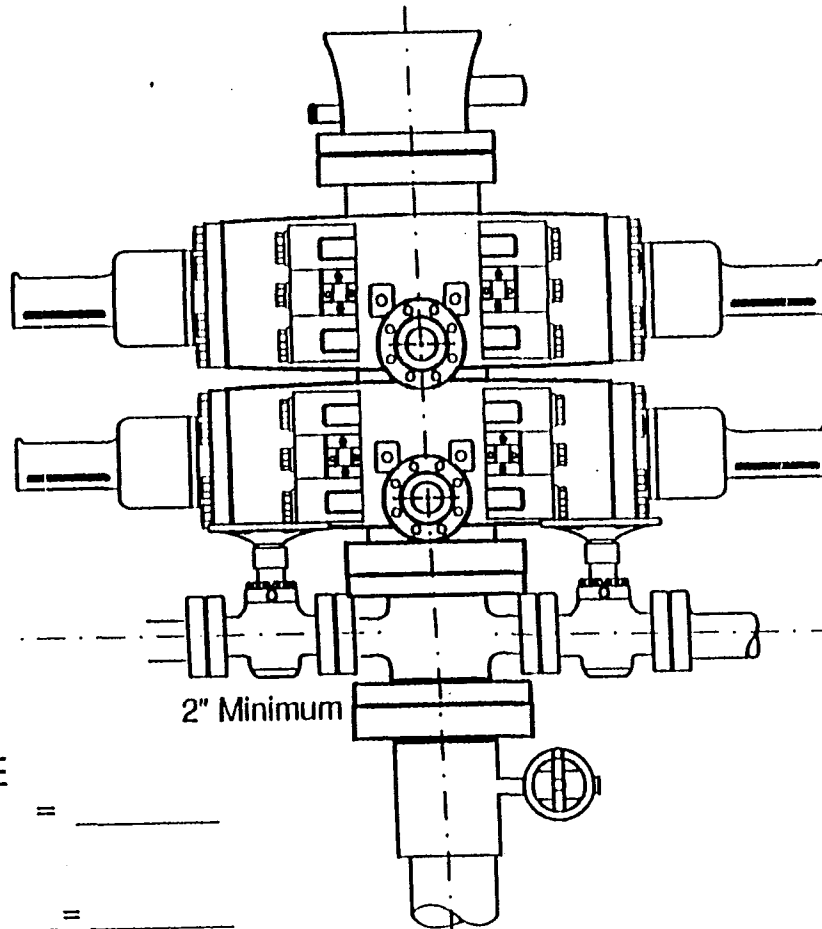
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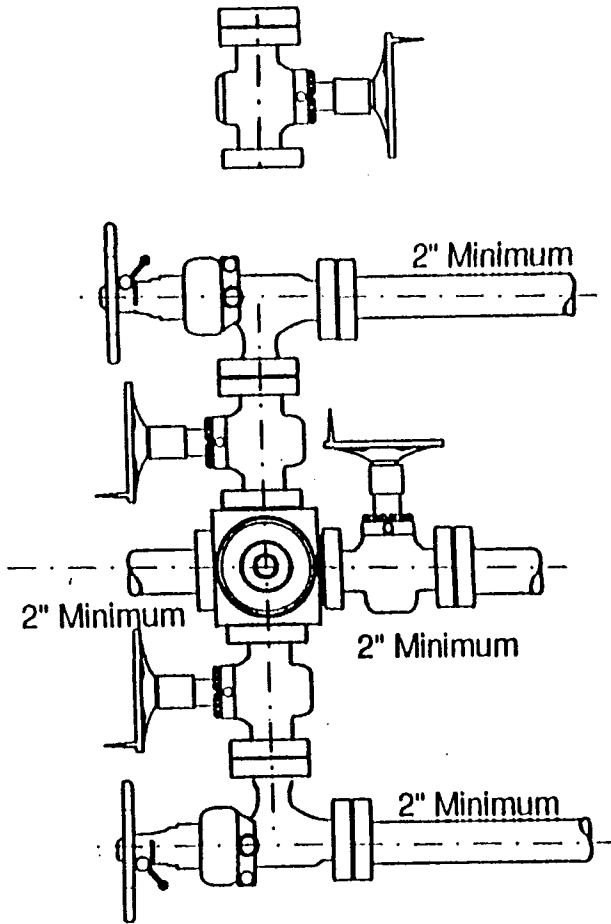
Model:

# 2-M SYSTEM

EXHIBIT F



2" Minimum



2" Minimum

2" Minimum

2" Minimum

GAL TO CLOSE

Annular BOP = \_\_\_\_\_

Ramtype BOP

\_\_\_\_\_ Rams x \_\_\_\_\_ = \_\_\_\_\_

= \_\_\_\_\_ Gal.

\_\_\_\_\_ x 2 = \_\_\_\_\_ Total Gal.

Rounding off to the next higher  
increment of 10 gal. would require  
\_\_\_\_\_ Gal. (total fluid & nitro volume)

WORKSHEET  
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 06/12/96

API NO. ASSIGNED: 43-013-31672

WELL NAME: ASHLEY FEDERAL 9-23

OPERATOR: INLAND PRODUCTION COMPANY (N5160)

PROPOSED LOCATION:

NESE 23 - T09S - R15E  
SURFACE: 1980-FSL-0660-FEL  
BOTTOM: 1980-FSL-0660-FEL  
DUCHESNE COUNTY  
CASTLE PEAK FIELD (075)

LEASE TYPE: FED

LEASE NUMBER: U - 02458

PROPOSED PRODUCING FORMATION: GRRV

INSPECT LOCATION BY: / /		
TECH REVIEW	Initials	Date
Engineering		
Geology		
Surface		

RECEIVED AND/OR REVIEWED:

☒ Plat  
☒ Bond: Federal ☒ State ☐ Fee ☐  
(Number 4488944)  
☒ Potash (Y/N)  
☒ Oil shale (Y/N)  
☒ Water permit  
(Number GILSONITE STATE 7-32)  
☒ RDCC Review (Y/N)  
(Date: \_\_\_\_\_)

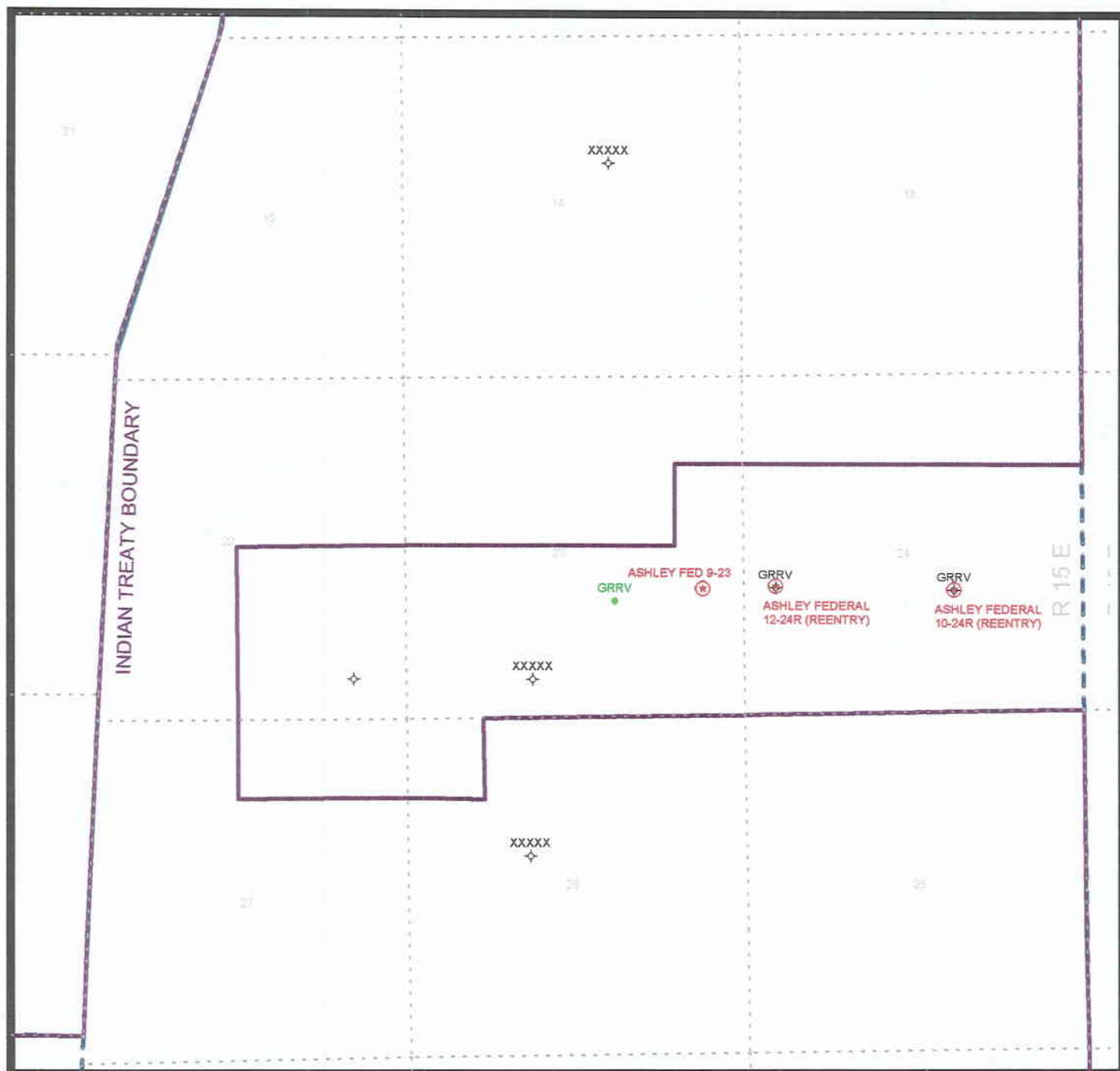
LOCATION AND SITING:

\_\_\_\_ R649-2-3. Unit: \_\_\_\_\_  
☒ R649-3-2. General.  
\_\_\_\_ R649-3-3. Exception.  
\_\_\_\_ Drilling Unit.  
Board Cause no: \_\_\_\_\_  
Date: \_\_\_\_\_

COMMENTS: \_\_\_\_\_

STIPULATIONS: \_\_\_\_\_

INLAND PRODUCTION COMPANY  
DEVELOPMENT DRILLING  
SEC. 23, T9S, R15E,  
DUCHESNE, COUNTY UAC R649-3-2



PREPARED:  
DATE: 19-JUNE-96

**STATE OF UTAH, DIV OF OIL, GAS & MINERALS**

<b>Operator: INLAND PRODUCTION CO</b>	<b>Well Name: ASHLEY FEDERAL 9-23</b>
<b>Project ID: 43-013-31672</b>	<b>Location: SEC. 23 - T09S - R15E</b>

Design Parameters:

Mud weight ( 8.90 ppg) : 0.462 psi/ft  
 Shut in surface pressure : 2543 psi  
 Internal gradient (burst) : 0.071 psi/ft  
 Annular gradient (burst) : 0.000 psi/ft  
 Tensile load is determined using air weight  
 Service rating is "Sweet"

Design Factors:

Collapse : 1.125  
 Burst : 1.00  
 8 Round : 1.80 (J)  
 Buttress : 1.60 (J)  
 Other : 1.50 (J)  
 Body Yield : 1.50 (B)

Length (feet)		Size (in.)	Weight (lb/ft)	Grade	Joint	Depth (feet)	Drift (in.)	Cost	
1	6,500	5.500	15.50	K-55	LT&C	6,500	4.825		
	Collapse Load Strgth S.F. (psi) (psi)			Burst Load (psi)	Min Int Strgth (psi)	Yield S.F.	Tension Load Strgth S.F. (kips) (kips)		
1	3005	4040	1.344	3005	4810	1.60	100.75	239	2.37 J

Prepared by : MATTHEWS, Salt Lake City, Utah  
 Date : 07-25-1996  
 Remarks :

Minimum segment length for the 6,500 foot well is 1,500 feet.  
 SICP is based on the ideal gas law, a gas gravity of 0.75, and a mean gas  
 temperature of 119°F (Surface 74°F , BHT 165°F & temp. gradient 1.400°/100 ft.)  
 String type: Production  
 The mud gradient and bottom hole pressures (for burst) are 0.462 psi/ft and  
 3,005 psi, respectively.

**NOTE:** The design factors used in this casing string design are as shown above. As a general guideline, Lone Star Steel recommends using minimum design factors of 1.125 - collapse (with evacuated casing), 1.0 - (uniaxial) burst, 1.8 - API 8rd tension, 1.6 - buttress tension, 1.5 - body yield tension, and 1.6 - EUE 8rd tension. Collapse strength under axial tension was calculated based on the Westcott, Dunlop and Kemler curve. Engineering responsibility for use of this design will be that of the purchaser.  
 Costs for this design are based on a 1987 pricing model. (Version 1.07)



State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt  
Governor

Ted Stewart  
Executive Director

James W. Carter  
Division Director

355 West North Temple  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203  
801-538-5340  
801-359-3940 (Fax)  
801-538-5319 (TDD)

July 25, 1996

Inland Production Company  
P.O. Box 1446  
Roosevelt, Utah 84066

Re: Ashley Federal 9-23 Well, 1980' FSL, 660' FEL, NE SE,  
Sec. 23, T. 9 S., R. 15 E., Duchesne County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. 40-6-1 et seq., Utah Administrative Code R649-3-1 et seq., and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-013-31672.

Sincerely,

R. J. Pirth  
Associate Director

lwp

Enclosures

cc: Duchesne County Assessor  
Bureau of Land Management, Vernal District Office



Operator: Inland Production Company  
Well Name & Number: Ashley Federal 9-23  
API Number: 43-013-31672  
Lease: U-02458  
Location: NE SE Sec. 23 T. 9 S. R. 15 E.

### Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 et seq., the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for Permit to Drill.

2. Notification Requirements

Notify the Division within 24 hours following spudding the well or commencing drilling operations. Contact Jimmie Thompson at (801)538-5336.

Notify the Division prior to commencing operations to plug and abandon the well. Contact Frank Matthews at (801)538-5334 or Mike Hebertson at (801)538-5333.

3. Reporting Requirements

All required reports, forms and submittals shall be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK

DRILL ☒

DEEPEN ☐

PLUG BACK ☐

b. TYPE OF WELL

OIL  
WELL ☒

GAS  
WELL ☐

OTHER

SINGLE  
ZONE ☐

MULTIPLE  
ZONE ☐

2. NAME OF OPERATOR

Inland Production Company

3. ADDRESS OF OPERATOR

P.O. Box 1446 Roosevelt UT 84066

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)\*

At surface NE/SE

At proposed prod. zone

660' FEL & 1980' FSL

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\*

14 miles southwest of Myton, Utah

15. DISTANCE FROM PROPOSED\*

LOCATION TO NEAREST  
PROPERTY OR LEASE LINE, FT. 6384'  
(Also to nearest drilg. unit line, if any)

16. NO. OF ACRES IN LEASE

640

17. NO. OF ACRES ASSIGNED  
TO THIS WELL

40

18. DISTANCE FROM PROPOSED LOCATION\*  
TO NEAREST WELL, DRILLING, COMPLETED,  
OR APPLIED FOR, ON THIS LEASE, FT.

1104'

19. PROPOSED DEPTH

6500'

20. ROTARY OR CABLE TOOLS

Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

6318'

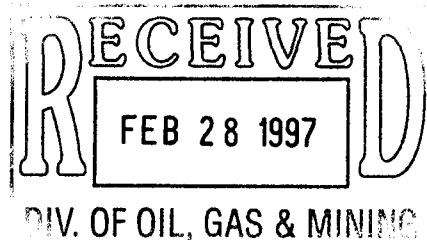
22. APPROX. DATE WORK WILL START\*

4th quarter 1996

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4	8 5/8	24#	300'	120 sx Class G+2% CaCl+2% Gel
7 7/8	5 1/2	15.5#	TD	400 sx Hilift followed by
				330 sx Class G w/ 10% CaCl

The actual cement volumes will be calculated off of the open hole logs,  
plus 15% excess.



IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED

Brad Mechem

TITLE Operations Manager

DATE 6/3/96

(This space for Federal or State office use)

PERMIT NO.

NOTICE OF APPROVAL

APPROVAL DATE

Assistant Field Manager

DATE FEB 24 1997

APPROVED BY

TITLE

Mineral Resources

DATE

CONDITIONS OF APPROVAL, IF ANY:

CONDITIONS OF APPROVAL ATTACHED  
TO OPERATOR'S COPY

\*See Instructions On Reverse Side



CONDITIONS OF APPROVAL  
APPLICATION FOR PERMIT TO DRILL

Company/Operator: Inland Production Company

Well Name & Number: Ashley Fed. 9-23

API Number: 43-013-31672

Lease Number: U-02458

Location: NESE Sec. 23 T. 9S R. 15E

**NOTIFICATION REQUIREMENTS**

- |                                 |   |   |
|---------------------------------|---|---|
| Location Construction           | - | at least forty-eight (48) hours prior to construction of location and access roads.   |
| Location Completion             | - | prior to moving on the drilling rig.  |
| Spud Notice                     | - | at least twenty-four (24) hours prior to spudding the well.   |
| Casing String and Cementing     | - | at least twenty-four (24) hours prior to running casing and cementing all casing strings.   |
| BOP and Related Equipment Tests | - | at least twenty-four (24) hours prior to initiating pressure tests.   |
| First Production Notice         | - | within five (5) business days after new well begins, or production resumes after well has been off production for more than ninety (90) days. |

For more specific details on notification requirements, please check the Conditions of Approval for Notice to Drill and Surface Use Program.

## CONDITIONS OF APPROVAL FOR NOTICE TO DRILL

Approval of this application does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

All lease and/or unit operations will be conducted in such a manner that full compliance is made with applicable laws, regulations (43 CFR 3100), Onshore Oil and Gas Orders, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished to the field representative by the operator to insure compliance.

Be aware fire restrictions may be in effect when location is being constructed and/or when well is being drilled. Contact the appropriate Surface Management Agency for information.

### A. DRILLING PROGRAM

#### 1. Estimated Depth at Which Oil, Gas, Water, or Other Mineral Bearing Zones are Expected to be Encountered

Report **ALL** water shows and water-bearing sands to Tim Ingwell of this office **prior to setting the next casing string or requesting plugging orders**. Faxed copies of State of Utah form OGC-8-X are acceptable. If noticeable water flows are detected, submit samples to this office along with any water analyses conducted.

All usable water and prospectively valuable minerals (as described by BLM at onsite) encountered during drilling, will be recorded by depth and adequately protected. All oil and gas shows will be tested to determine commercial potential.

#### 2. Pressure Control Equipment

The BOP and related equipment shall meet the minimum requirements of Onshore Oil and Gas Order No. 2 for equipment and testing requirements, procedures, etc., for a **2M** system and individual components shall be operable as designed. Chart recorders shall be used for all pressure tests.

Test charts, with individual test results identified, shall be maintained on location while drilling and shall be made available to a BLM representative upon request.

If an air compressor is on location and is being utilized to provide air for the drilling medium while drilling, the special drilling requirements in Onshore Oil and Gas Order No. 2, regarding air or gas drilling shall be adhered to. If a mist system is being utilized then the requirement for a deduster shall be waived.

3. Casing Program and Auxiliary Equipment

Surface casing shall have centralizers on the bottom three joints, with a minimum of one centralizer per joint.

If conductor pipe is set it will be cemented to surface. If drive pipe is used it will be pulled prior to cementing surface casing.

As a minimum, the usable water and oil shale resources shall be isolated and/or protected by having a cement top for the production casing at least 200 ft. above the base of the Usable Water Zone, identified at  $\pm 2318$  ft. If gilsonite is encountered while drilling, it shall be isolated and/or protected via the cementing program.

4. Mud Program and Circulating Medium

Hazardous substances specifically listed by the EPA as a hazardous waste or demonstrating a characteristic of a hazardous waste will not be used in drilling, testing, or completion operations.

No chromate additives will be used in the mud system on Federal and Indian lands without prior BLM approval to ensure adequate protection of fresh water aquifers.

5. Coring, Logging and Testing Program

Daily drilling and completion progress reports shall be submitted to this office on a weekly basis.

The Gamma Ray and Induction Logs need to be pulled from TD to the Surface Shoe.

A cement bond log (CBL) will be run from the production casing shoe to **2118 ft.** and shall be utilized to determine the bond quality for the production casing. Submit a field copy of the CBL to this office.

Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) will be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3164. Two copies of all logs, core descriptions, core analyses, well-test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with Form 3160-4. Samples (cuttings, fluids, and/or gases) will be submitted when requested by the AO.

6. Notifications of Operations

No location will be constructed or moved, no well will be plugged, and no drilling or workover equipment will be removed from a well to be placed in a suspended status without prior approval of the AO. If operations are to be suspended, prior approval of the AO will be obtained and notification given before resumption of operations.

The Vernal District Office shall be notified, during regular work hours (7:45 a.m.-4:30 p.m., Monday through Friday except holidays), at least 24 hours prior to spudding the well.

Operator shall report production data to MMS pursuant to 30 CFR 216.5 using form MMS/3160.

Immediate Report: Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be promptly reported in accordance with the requirements of NTL-3A or its revision.

If a replacement rig is contemplated for completion operations, a "Sundry Notice" (Form 3160-5) to that effect will be filed, for prior approval of the AO, and all conditions of this approved plan are applicable during all operations conducted with the replacement rig.

The date on which production is commenced or resumed will be construed for oil wells as the date on which liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the date on which liquid hydrocarbons are first produced into a permanent storage facility, whichever first occurs; and, for gas wells as the date on which associated liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the date on which gas is first measured through permanent metering facilities, whichever first occurs.

Should the well be successfully completed for production, the AO will be notified when the well is placed in a producing status. Such notification will be sent by telegram or other written communication, not later than five (5) days following the date on which the well is placed on production.

Gas produced from this well may not be vented or flared beyond an initial authorized test period of 30 days or 50 MMCF following its completion, whichever occurs first, without the prior written approval of the Authorized Officer. Should gas be vented or flared without approval beyond the authorized test period, the operator may be directed to shut-in the well until the gas can be captured or approval to continue venting or flaring as uneconomic is granted and the operator shall be required to compensate the lessor for that portion of the gas vented or flared without approval which is determined to have been avoidably lost.

A schematic facilities diagram as required by 43 CFR 3162.7-5 (b.9. d.), and shall be submitted to the appropriate District Office within sixty (60) days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Oil & Gas Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with 43 CFR 3162.7-5 (b. 4).

No well abandonment operations will be commenced without the prior approval of the AO. In the case of newly drilled dry holes or failures, and in emergency situations, oral approval will be obtained from the AO. A "Subsequent Report of Abandonment" Form 3160-5, will be filed with the AO within thirty (30) days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the AO or his representative, or the appropriate Surface Managing Agency.

7. Other Information

All loading lines will be placed inside the berm surrounding the tank battery.

All off-lease storage, off-lease measurement, or commingling on-lease or off-lease will have prior written approval from the AO.

The oil and gas measurement facilities will be installed on the well location. The oil and gas meters will be calibrated in place prior to any deliveries. Tests for meter accuracy will be conducted following initial installation and at least quarterly thereafter. The AO will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports will be submitted to the Vernal District Office. All meter measurement facilities will conform with Onshore Oil & Gas Order No. 4 for liquid hydrocarbons and Onshore Oil & Gas Order No. 5 for natural gas measurement.

The use of materials under BLM jurisdiction will conform to 43 CFR 3610.2-3.

There will be no deviation from the proposed drilling and/or workover program without prior approval from the AO. Safe drilling and operating practices must be observed. All wells, whether drilling, producing, suspended, or abandoned will be identified in accordance with 43 CFR 3162.

"Sundry Notice and Report on Wells" (Form 3160-5) will be filed for approval for all changes of plans and other operations in accordance with 43 CFR 3162.3-2.

Section 102(b)(3) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3162.4-1(c), requires that "not later than the 5th business day after any well begins production on which royalty is due anywhere on a lease site or allocated to a lease site, or resumes production in the case of a well which has been off production for more than 90 days, the operator shall notify the authorized officer by letter or sundry notice, Form 3160-5, or orally to be followed by a letter or sundry notice, of the date on which such production has begun or resumed."

If you fail to comply with this requirement in the manner and time allowed, you shall be liable for a civil penalty of up to \$10,000 per violation for each day such violation continues, not to exceed a maximum of 20 days. See Section 109(c)(3) of the Federal Oil and Gas Royalty Management Act of 1982 and the implementing regulations at Title 43 CFR 3162.4-1(b)(5)(ii).

APD approval is valid for a period of one (1) year from the signature date. An extension period may be granted, if requested, prior to the expiration of the original approval period.

In the event after-hours approval or notification is necessary, please contact one of the following individuals:

Wayne Bankert           (801) 789-4170  
Petroleum Engineer

Ed Forsman             (801) 789-7077  
Petroleum Engineer

Jerry Kenczka           (801) 789-1190  
Petroleum Engineer

BLM FAX Machine       (801) 781-4410

## EPA'S LIST OF NONEXEMPT EXPLORATION AND PRODUCTION WASTES

While the following wastes are nonexempt, they are not necessarily hazardous.

- Unused fracturing fluids or acids
- Gas plant cooling tower cleaning wastes
- Painting wastes
- Oil and gas service company wastes, such as empty drums, drum rinsate, vacuum truck rinsate, sandblast media, painting wastes, spend solvents, spilled chemicals, and waste acids
- Vacuum truck and drum rinsate from trucks and drums, transporting or containing nonexempt waste
- Refinery wastes
- Liquid and solid wastes generated by crude oil and tank bottom reclaimers
- Used equipment lubrication oils
- Waste compressor oil, filters, and blowdown
- Used hydraulic fluids
- Waste solvents
- Waste in transportation pipeline-related pits
- Caustic or acid cleaners
- Boiler cleaning wastes
- Boiler refractory bricks
- Incinerator ash
- Laboratory wastes
- Sanitary wastes
- Pesticide wastes
- Radioactive tracer wastes
- Drums, insulation and miscellaneous solids.

**CONDITIONS OF APPROVAL**  
**FOR THE SURFACE USE PROGRAM OF THE**  
**APPLICATION FOR PERMIT TO DRILL**

-Access roads and surface disturbing activities will conform to standards outlined in the Bureau of Land Management and Forest Service publication: Surface Operating Standards for Oil and Gas Exploration and Development, (1989).

-All vehicle travel will be confined to existing access road rights-of-way.

-A wildlife guzzler is located just to the north of this well. If the activity of producing this well causes wildlife to abandon the use of the guzzler, Inland may be asked to develop another guzzler on an adjoining site.

-The topsoil should be windrowed between stakes 2 and 8 instead of being piled as shown on the cut sheet.



From: Margie Herrmann <mherrman@ut.blm.gov>  
To: NRDOMAIN.NROGM(DS LLEY)  
Date: 10/22/97 5:27pm  
Subject: Old APDs - Reply

Don,  
Here is the information you asked for. Had to check on some information first.

~~Barrett Resources  
Ford 2-13C7 (re-entry)  
API 43-013-31082  
13-3S-7W  
Approved (DOGM) 7/29/96  
This was the original API # for the well drilled in 1985, SRA 1/92. Re-entry for Barrett was approved 4/18/97 on the 2X-13C7, and spud in May 1997.~~

Equitable Resources  
Monument Federal 14-25-8-17  
API 43-047-32765  
25-08S-17E  
Approved (DOGM) 8/29/96  
This was approved by BLM 9/3/96. Inland is in the process of becoming the operator for this well and has asked for an extension.

Equitable Resources  
Monument Federal 41-25-8-17  
API 43-047-32766  
25-08S-17E  
Approved (DOGM) 8/29/96  
This was approved by BLM 9/5/96. Inland is in the process of becoming the operator for this well and has asked for an extension.

Equitable Resources  
Monument Federal 43-25-8-17  
API 43-047-32768  
25-08S-17E  
Approved (DOGM) 9/3/96  
This was approved by BLM 9/4/96. Inland is in the process of becoming the operator for this well and has asked for an extension.

Inland Production  
Ashley Federal 9-23  
API 43-013-31672  
23-9S-15E  
Approved (DOGM) 7/25/96  
This was approved 2/24/97 according to our records, so is still an authorized APD.

Petroglyph Operating  
Ute Tribal 29-11  
API 43-013-31714  
29-5S-3W

Approved (DOGM) 10/3/96

We will be sending an expiration letter on this one soon. I want to make sure we haven't received anything on it yet. At this time we are changing systems in the office so sundrys are way behind.

Margie



# United States Department of the Interior

## BUREAU OF LAND MANAGEMENT

Vernal Field Office  
170 South 500 East  
Vernal, Utah 84078-2799

Phone: (435) 781-4400  
Fax: (435) 781-4410

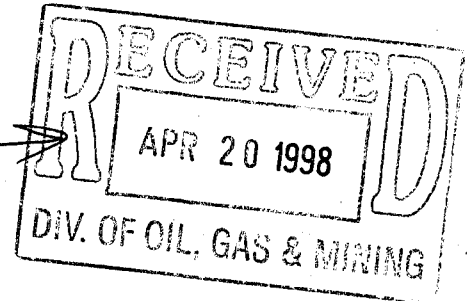
IN REPLY REFER TO:

3162  
UT08300

Inland Production Company  
Attn: Cheryl Cameron  
P O Box 790233  
Vernal UT 84079

April 6, 1998

D&G-M  
'LA'  
DATE



Re: Notification of Expiration  
Well No. Ashley Fed. 9-23 43-013-31672  
Section 23, T9S, R15E  
Lease No. U-02458  
Duchesne County, Utah

Dear Cheryl:

The Application for Permit to Drill the above-referenced well was approved on February 24, 1997. Since that date, no known activity has transpired at the approved location. Applications for Permit to Drill are effective for a period of one year. In view of the foregoing, this office is notifying you the approval of the referenced application has expired. If you intend to drill at this location at a future date, a new Application for Permit to Drill must be submitted.

This office requires a letter confirming that no surface disturbance has been made for this drill site. Any surface disturbance associated with the approved location of this well is to be rehabilitated. A schedule for this rehabilitation must be submitted to this office. Your cooperation in this matter is appreciated.

Sincerely,

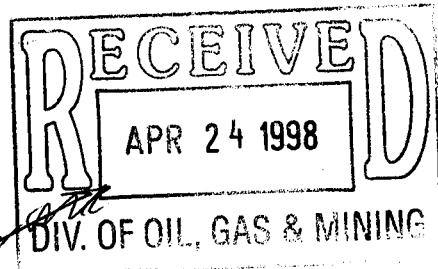
Margie Herrmann  
Legal Instruments Examiner

cc: State Div. OG&M



RESOURCES INC.

April 21, 1998



Bureau of Land Management  
Vernal District Office  
170 South 500 East  
Vernal, Utah 84078

ATTENTION: Margie Herrmann

RE: Ashley Federal 9-23  
Sec. 23, T9S, R15E  
Lease No. U-02458

43-013-31672

Nine Mile 14-7  
Sec. 7, T9S, R16E  
Lease No. U-74390

43-013-31775

O.K. Corral 4-28  
Sec. 28, T9S, R18E  
Lease No. U-19267

43-047-32736

S. Pleasant Valley 4-29  
Sec. 29, T9S, R17E  
Lease No. U-11385

43-013-31609

'Laid' 4/20/98  
per BLM  
Rescind Letter  
Dated 4/6/98

Dear Margie:

The Application(s) for Permit to Drill, on the above referenced locations, have all expired, and Inland Production Company is confirming that there has been no surface disturbance associated with any of these locations. A new Application for Permit to Drill will be submitted for these locations, at a later date.

Please contact me in the Vernal Branch office (435) 789-1866, if you have any questions, or need additional information.

Sincerely,

Cheryl Cameron  
Regulatory Compliance Specialist

State of Utah  
Division of Oil Gas & Mining  
1594 West North Temple, Suite 1210  
P.O. Box 145801  
Salt Lake City, Utah 84114-5801